

Financial Statements and Report of
Independent Certified Public
Accountants

WNYE Channel 25

June 30, 2024 and 2023

Contents

Page

Report of Independent Certified Public Accountants	3
Management's Discussion and Analysis (unaudited)	6
Financial Statements	
Statements of net position	10
Statements of revenues, expenses and changes in net position	11
Notes to financial statements	12

GRANT THORNTON LLP

757 Third Avenue, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To: Karen Johnson
Head of Grantee/Chief Operating Officer of WNYE Channel 25, New York

Report on the audits of the financial statements**Opinion**

We have audited the financial statements of the governmental activities of WYNE Channel 25 (the "Station"), a divisional unit of The City of New York ("The City"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of the Station as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures

do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements present only those transactions attributable to the Station, a divisional unit of The City, and do not purport to, and do not present fairly, the financial position and changes in financial position of The City, as of and for the years ended June 30, 2024 and 2023, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

New York, New York
February 13, 2025

WNYE Channel 25

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the years ended June 30, 2024 and 2023
(unaudited)**

The following is a narrative overview and analysis of the financial activities of WNYE Channel 25's (the "Station") financial performance, which provides information on the Station's financial activities for the years ended June 30, 2024 and 2023. It contains opinions, assumptions and conclusions by the Station's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements following this section and the notes to financial statements.

BACKGROUND

The Station is a noncommercial public television station of The City of New York ("The City"). The Station was owned and operated by the New York City Board of Education (the "Prior Licensee") until December 23, 2004.

In December 2004, Mayor Bloomberg announced by executive order the transfer of WNYE-TV and WNYE-FM from the New York City Department of Education (formerly known as "New York City Board of Education") to The City's Department of Information Technology & Telecommunications ("DOITT" or the "Licensee"), effectively giving DOITT the day-to-day management of the Federal Communications Commission ("FCC") broadcast licenses reaching over 7.3 million households in the New York Metro Region, including New York, New Jersey, Connecticut, and parts of Pennsylvania.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial statements consist of three parts: (1) management's discussion and analysis (this section), (2) the financial statements and (3) the notes to financial statements.

The statements of net position present the Station's total assets and total liabilities at the end of the fiscal year. The difference between the two is reported as net position, which represents the Station's net assets, or the residual of total assets over creditors' interests (total liabilities).

The statements of revenues, expenses and change in net position show how the Station's net position changed during the fiscal years. All changes in net position are reported on an accrual basis of accounting, which reports the event as it occurs, rather than when cash is exchanged.

The notes to financial statements are an integral part of the financial statements, disclosing information which is essential to a full understanding of the financial statements.

FINANCIAL REPORTING ENTITY

The financial statements of the Station, which include the statements of net position and the statements of revenues, expenses and change in net position, have been prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*, as amended by subsequent GASB statements. The financial statements of the Station have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when they are earned and expenses are recorded when the related liability has been incurred, regardless of the timing of the related cash flows.

WNYE Channel 25

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

For the years ended June 30, 2024 and 2023
(unaudited)

The Station is a non-commercial media organization supported by sponsorship/underwriting revenues, City funds, and Corporation for Public Broadcasting ("CPB") funding. The following paragraphs discuss the Station's business model:

- **Sources of Funding:** The Station is funded by The City as a division of DOITT. Along with cash and support from DOITT, the Station collects revenues from unique ethnic and community lease time programmers. The Station also has access to cash held by The City in a fiduciary fund, which is restricted for the purchase of inventory and service contracts for the Station.
- **CPB Funding:** The Station receives grant funds from CPB, a private, non-profit corporation created by Congress in 1967 that promotes public telecommunications services for the American public (television, radio and online). CPB remains today the largest single source of funding for public television and radio programming, mainly through competitive grants. The CPB funding for public television is based primarily on each station's Non-Federal Financial Support.
- The Station's expenses have been allocated among four categories - programming and production, broadcasting and engineering, program information and promotion, and management and general. Each category contains both personnel service costs for City employees who dedicate effort to the Station, as well as other than personnel services expenses, including use of City facilities and equipment, supplies and contract services.

CONDENSED FINANCIAL INFORMATION

The following sections discuss the significant accounts in the Station's financial position for the years ended June 30, 2024 and 2023. It should be noted that for purposes of the management's discussion and analysis, summaries of the financial statements presented are extracted from the Station's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. Following is a summary of the assets, liabilities, net position, revenues, expenses and changes in net position.

Summary of Net Position:

	June 30, 2024	June 30, 2022	June 30, 2022
Total assets	\$ 2,475,943	\$ 3,255,563	\$ 935,005
Total liabilities	2,475,943	3,255,563	337,916
Total net position	\$ -	\$ -	\$ 597,089

June 30, 2024 compared to June 30, 2023:

- The Station's total assets decreased by \$779,620, primarily due to reductions in the lease asset and restricted cash balances.
- The decrease in total liabilities of \$779,620 is a result of decreases in amounts due to The City and the lease liability balance.

June 30, 2023 compared to June 30, 2022:

- The Station's total assets increased by \$2,320,558, primarily due to a lease extension entered into during the current year which increased the lease asset balance.

WNYE Channel 25

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**For the years ended June 30, 2024 and 2023
(unaudited)**

- The increase in total liabilities of \$2,917,647 is a result of an increase in the amount due to The City as a result of the calculation of The City of New York appropriation, and a lease extension entered into during the current year which increased the lease liability balance.

Summary of Revenues, Expenses and Changes in Net Position:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total operating revenues	\$ 2,631,258	\$ 2,609,221	\$ 2,550,410
Total operating expenses	<u>19,015,428</u>	<u>19,070,576</u>	<u>17,263,894</u>
Operating loss	(16,384,170)	(16,461,355)	(14,713,484)
Nonoperating income	<u>16,384,170</u>	<u>15,864,266</u>	<u>14,711,923</u>
Change in net position	<u>\$ -</u>	<u>\$ (597,089)</u>	<u>\$ (1,561)</u>

June 30, 2024 compared to June 30, 2023:

- Operating Revenues for the Station increased by \$22,037, from \$2,609,221 in 2023 to \$2,631,258 in 2024 due to increases in the Station's revenue from programming partners.
- Operating Expenses decreased by \$55,148 (0.3%) due to decreases of \$298,133 in Programming and Production, \$1,935 in Broadcasting and Engineering, \$22,418 in Program Information and Promotion and an increase of \$267,338 in Management and General. The changes in operating expenses are the result of cost savings in general operating costs, along with additional personnel costs in Management and General Expense.
- Non-operating income increased by \$519,904 (3.3%) primarily as a result of increases in the Corporation for Public Broadcasting grant of \$163,129 and The City appropriation of \$359,227.

June 30, 2023 compared to June 30, 2022:

- Operating Revenues for the Station increased by \$58,811, from \$2,550,410 in 2022 to \$2,609,221 in 2023. The Station's revenue from programming partners increased in 2023, as COVID-related financial stress abated for programmers.
- Operating Expenses increased by \$1,806,682 (10.5%) due to increases of \$1,060,501 in Programming and Production, \$149,823 in Broadcasting and Engineering, \$60,292 in Program Information and Promotion \$536,066 in Management and General Expense. The changes in operating expenses are the result of post COVID-related increases in original programming, and general operating costs, along with headcount changes associated with the Station.
- Non-operating income increased by \$1,152,343 (7.8%) primarily as a result of decreases in the Corporation for Public Broadcasting grant of \$113,805, offset by increases in The City appropriation of \$1,259,113 and interest income of \$7,035.

WNYE Channel 25

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**For the years ended June 30, 2024 and 2023
(unaudited)**

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any data provided in this report or requests for additional information should be directed to Mr. Jacob Glickman, Director of Finance, 1697 Broadway, 6th Floor, New York, New York 1001.

WNYE Channel 25

STATEMENTS OF NET POSITION

As of June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Restricted cash	\$ 67,171	\$ 626,356
Due from The City of New York	131,136	-
Lease asset	<u>2,277,636</u>	<u>2,629,207</u>
Total assets	<u>2,475,943</u>	<u>3,255,563</u>
LIABILITIES		
Accounts payable and accrued expenses	29,111	36,875
Due to The City of New York	-	468,754
Lease liability	<u>2,446,832</u>	<u>2,749,934</u>
Total liabilities	<u>2,475,943</u>	<u>3,255,563</u>
Net position		
Restricted net position	<u>-</u>	<u>-</u>
Total net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

WNYE Channel 25

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30,

	2024	2023
Operating revenues		
Block grants	\$ 131,258	\$ 109,221
In-kind revenue	2,500,000	2,500,000
Total operating revenues	<u>2,631,258</u>	<u>2,609,221</u>
Operating expenses		
Programming and production	7,943,274	8,241,407
Broadcasting and engineering	6,367,480	6,369,415
Program information and promotion	444,728	467,146
Management and general	4,259,946	3,992,608
Total operating expenses	<u>19,015,428</u>	<u>19,070,576</u>
Operating loss	<u>(16,384,170)</u>	<u>(16,461,355)</u>
Nonoperating income		
The City of New York appropriation	14,462,359	14,103,132
Interest income	4,925	7,377
Corporation for Public Broadcasting grant	1,916,886	1,753,757
Total nonoperating income	<u>16,384,170</u>	<u>15,864,266</u>
CHANGE IN NET POSITION	-	(597,089)
Net position - beginning of year	<u>-</u>	<u>597,089</u>
Net position - end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

WNYE Channel 25

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - ORGANIZATION

WNYE Channel 25 (the "Station"), a noncommercial public television station of The City of New York ("The City"), is a divisional unit within the New York City Department of Information Technology & Telecommunications ("DOITT" or "Licensee") and is included in the General Fund of The City. The Station was owned and operated by the New York City Board of Education (the "Prior Licensee") until December 23, 2004. Thereafter, the Station license was transferred by the Federal Communications Commission ("FCC") to The City, which has designated Station management to DOITT.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in conformity with Generally Accepted Accounting Principles ("GAAP") for state and local governments in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Station is a special purpose governmental entity, engaged only in a single government-type activity. The government-wide financial statements and the fund financial statements required by GAAP are combined and presented as a single set of statements.

The financial statements of the Station have been prepared using the flow of economic resources measurement and the accrual basis of accounting.

Revenue

The Station's revenues are derived from a number of different sources. Operating revenues result from the receipt of reimbursements from unique ethnic and community lease time programmers for expenses incurred in the broadcasting of programmer content as well as in-kind transactions (Note 3). Nonoperating revenues include grants from the Corporation for Public Broadcasting ("CPB"), other public broadcasting entities, underwriters (grantors), as well as amounts appropriated by The City and interest income. The appropriations are provided by The City to DOITT and other city agencies that support the operations of the Station. Revenues are recorded when they are earned.

Expenses

The Station's operating expenses, including both direct and indirect costs, have been allocated among four categories: programming and production, broadcasting and engineering, program information and promotion, and management and general. Each category contains both personnel service costs for city employees, other than personnel services expenses paid from the fiduciary account, and direct and indirect support from the licensee calculated on a headcount basis, as approved by CPB.

Included in operating expenses are costs associated with the use of The City's facilities for the Station's operations as well as other costs related to the Station's operations that are incurred by The City, including overhead costs allocated to the Station by DOITT and other city central service agencies, as well as in-kind transactions (Note 3). These indirect cost allocations are calculated using estimates of The City's Cost Allocation Plan ("CAP") methodology that has been accepted by the U.S. Department of Health and Human Services, The City's cognizant agency. Any changes in the approved methodology, such as using actual expenses when available, are also reflected in the Station's operating expenses.

The CAP calculations form the basis of two components of costs reported by the Station in these annual financial statements.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The first portion of the CAP costs are those incurred within DOITT and are allocated to other agencies, including the Station. These "internal" allocations of DOITT costs are readily available and included in the Station's financial statements.

The second portion of the CAP costs are estimates of those incurred by The City's other central service agencies on behalf of DOITT. These indirect costs are accumulated from 13 other city agencies and are allocated individually based on allocation statistics and using multiple bases of allocation for various costs within a single central service agency.

Restricted Cash

On behalf of the Station, The City holds cash in a fiduciary fund. These funds are categorized as restricted cash that are held in a fiduciary fund and set aside for the purchase of inventory and service contracts.

Capital Assets

The Station's policy is to capitalize equipment and facility improvements with a minimum initial cost of \$35,000 per item and a minimum estimated useful life of five years or more. All capital assets reported were being depreciated using the straight-line method and an estimated five-year life, and are fully depreciated as of June 30, 2024 and 2023. The production, broadcast, and office facilities of the Station are owned by The City and are therefore not included as capital assets of the Station.

Due To or From The City of New York

Any difference between the calculated funding provided by The City of New York and actual liquidated expenditures made by The City on behalf of the Station during the year is reported as due from or due to The City of New York on the Station's statements of net position.

Net Position

GASB Statement No. 34 requires net position to be divided into three major categories. The first category, invested in capital assets, reports the Station's net equity in property, plant and equipment. The Station has no debt related to its capital assets, although The City may have outstanding debt related to the Station's capital assets. The second category is restricted net position, which contains net position, the use or purpose of which is restricted by an external source or entity. The third category is unrestricted net position. As a divisional unit within DOITT and The City, the Station has no unrestricted net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

The Station is subject to litigation in the normal course of business. The Station's management does not believe that the Station is party to any pending litigation which would have a material adverse effect on its financial statements or future operations.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

CUNY

The Station has an agreement with The City University of New York ("CUNY"), whereby CUNY built a master control facility for the Station's use. In return for the use of this facility, the Station provided CUNY the full use of one of its digital broadcast stations (25.3) and one of its public, educational, and governmental access channels. The fair value of the use of the facility, which the Station has estimated to be \$2.5 million per year, is reflected in both the Station's operating revenue and expenses, and is allocated as appropriate among the four operating expense categories.

Use of City-Owned Space

The Station occupies several floors at 1 Centre Street, The City's Municipal Building. The value of this occupied space is determined by an independent appraiser, and is reflected in the Station's operating expenses and in The City of New York appropriation nonoperating revenue.

Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Station did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. There are currently no agreements that include sale-leaseback and lease-leaseback transactions.

On June 4, 2007, The City, acting through DOITT, signed a lease agreement for the property located at Four Times Square, New York for the purpose of operating its television broadcast transmission system. The lease expired on January 30, 2023. The Station extended the lease for operating its television broadcast transmission system on December 12, 2022 for a period of five years from February 1, 2023 through January 31, 2028.

On March 16, 2015, The City, acting through the Department of Citywide Administrative Services, signed a lease agreement for office space for the Mayor's Office of Media and Entertainment. The lease expired on July 31, 2024. The Station still occupies this space on a month-to-month basis.

The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the accompanying Statement of Net Position.

WNYE Channel 25

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

As of June 30, 2024, the Station had minimum principal and interest payment requirements for its leasing activities with a remaining term in excess of one year, as follows:

	<u>Liability Beginning Balance</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Payment</u>	<u>Liability Ending Balance</u>
2024	\$ 2,749,934	\$ 303,102	\$ 78,382	\$ 381,484	\$ 2,446,832
2025	2,446,832	232,429	70,145	302,574	2,214,403
2026	2,214,403	238,902	63,192	302,094	1,975,501
2027	1,975,501	253,824	55,822	309,646	1,721,677
2028	1,721,677	269,392	47,995	317,387	1,452,285
2029	1,452,285	285,631	39,691	325,322	1,166,654
2030-2032	1,166,654	<u>1,166,654</u>	66,241	1,232,895	-
		<u>\$ 2,446,832</u>			

NOTE 4 - SUBSEQUENT EVENTS

The Station has evaluated its June 30, 2024 financial statements for subsequent events through February 13, 2025, the date these financial statements were issued. The Station is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.